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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: January 05, 2007

Gusenbauer Wants Movement from OeVP

1. SPOe boss Alfred Gusenbauer is taking a tough stance towards his party's potential future coalition partner OeVP: Speaking on Thursday, he stressed the Conservatives would have to "budge" on the Eurofighter purchase and university tuition fees, and "think of something other than simply saying no" to SPOe proposals. Simultaneously, the SPOe chairperson signaled he is ready to compromise on some issues, Austrian media report. According to Austrian political analyst Peter Filzmaier, the Social Democrats' victory in the October 1 general election gave party leader Alfred Gusenbauer the opportunity to "implement anything he wants" within the SPOe. He "has a free hand, both with regard to the outcome of the negotiations and the choice of his cabinet team," the expert told semi-official daily Wiener Zeitung. The first six months in office will determine Gusenbauer's "acceptance as Chancellor and define his image," Filzmaier added. Meanwhile, mass-circulation tabloid Oesterreich speculates that Finance Minister Karl-Heinz Grassner could resign today and take up investment banking in London, although - according to the daily -- Chancellor Wolfgang Schuessel in a meeting today will try to persuade Grassner to stay on as Vice-Chancellor or as Finance Minister for another year. ORF online news writes about a tug-of-war between the OeVP and the SPOe over key ministries, including the finance portfolios, with both parties insisting they have a claim to these posts.

EU Wants to Revive Mideast Quartet

2. If it wants to help resolve the Middle East conflict, the European Union must speak with one voice, EU Council President Angela Merkel has declared. The Middle East also topped the agenda during her meeting in the US with President Bush. Meanwhile, following a new surge of violence in the region, rival Palestinian factions Hamas and Fatah said they want to defuse the conflict and re-launch their dialogue. Centrist daily Die Presse analyzes German Chancellor Angela Merkel's current visit to the United States. While Merkel, as EU Council President is pushing for a new initiative in the Middle East peace process, and wants to "revive the comatose Mideast Quartet," "positive signals from the US on the issue have yet to materialize." Even "Bush buddy" Tony Blair failed to get the US more deeply committed as mediators between Israel and the Palestinians, the Presse says and adds that now it is up to Merkel to "pester Bush with a plan for a new Mideast peace concept." The German Chancellor, it seems, "won't be deterred from her Middle East enthusiasm," the daily concludes, pointing to Merkel's upcoming trips in February to

Egypt, Saudi Arabia, the United Arab Emirates and Kuwait.

Iraq Video Authentic

13. Video footage showing Austrian national Bert Nussbaumer and four of his American colleagues, kidnapped in Iraq in November, is authentic, the Austrian Foreign Ministry confirms, following analysis of the material. Observers say the fact that a tape has materialized could indicate that negotiations for the hostages' release are under way, and that demands for ransom payments have been made.

All Austrian media continue to report on the emergence of the video tape, seven weeks after Bert Nussbaumer and his four US colleagues were abducted near Basra in southern Iraq. ORF radio early morning news Morgenjournal says the kidnapping was "not an isolated case. Most kidnappers want money, and there are companies that specialize in negotiating with them." The Nussbaumer case was "just one of many," according to a German expert, who points out there are "numerous criminal groups in Iraq which have turned kidnappings into a form of business." The tape suggests that ransom negotiations with the kidnappers are underway. Ransom demands are usually addressed to the hostages' employers, the expert continues. Mass-circulation tabloid Oesterreich meanwhile speculates an alleged ransom demand may amount to \$10 million.

Bush on Saddam Hussein Execution

14. US President George Bush has criticized the circumstances of former Iraqi dictator Saddam Hussein's execution. Speaking at a press conference in Washington yesterday, he said he "wished the process had been more dignified." However, Saddam Hussein had been brought to justice - a justice he had denied to thousands of his victims, the US President added.

According to ORF online news, the US President discussed Saddam Hussein's execution with Iraqi Premier Nuri Al-Maliki. Bush had also said he would welcome an Iraqi investigation into the circumstances surrounding the hanging and its unauthorized filming, ORF online quotes White House spokesperson Tony Snow. According to ORF radio, investigators have now identified two guards who illicitly filmed the execution.

In liberal daily Der Standard, foreign editor Gudrun Harrer comments on the potential consequences for Iraq and the US of the Saddam Hussein execution: "The execution in Baghdad last Saturday not only ended Saddam Hussein's life, but may also have broken the Shiite-led Iraqi government's neck. At a minimum, it has been severely injured. Postponing the next two executions (...) will not suffice as crisis management; nor will the arrest of two guards - particularly since, according to a statement by a state prosecutor present at Saddam Hussein's hanging, it wasn't the guards but high-ranking officials who filmed the undignified scenes. Premier Nuri al-Maliki has a lot to do to make up for the loss of image he has suffered at home and abroad. His initiative for "national reconciliation" between the Sunnis and the Shiites - shaky business at the best of times - will be much harder to implement now. The circle of those embracing reconciliation has shrunk even further. Getting the Sunnis away from their perceived role as victims of the Shiites - a role further reinforced by Saturday's events - will require more than a softening of the radical de-Baathification laws. The Maliki government will pay in hard political currency for the damage done in the Sunni world. The United States has made a tremendous effort in the past few months to persuade the Sunni Gulf States to become more engaged in Iraq and to give more support to the country's Shiite-dominated government. What little hope there was for that will now have to be buried altogether. Most detrimental, however, will be the loss of confidence on the part of the US, where doubts are likely to increase whether Maliki is the right partner for them."

Pelosi Calls for New Iraq Strategy

15. The new speaker of the House of Representatives, Nancy Pelosi, has called for America to begin redeploying its troops from Iraq. Speaking at the inaugural session of the new Congress, now controlled by the Democrats for the first time in twelve years, Pelosi also stressed President Bush must come up with a new strategy in Iraq. Several Austrian media comment on the Democratic

congressional majority, and describe as a "milestone" the fact that the House of Representatives is led by a female Speaker for the first time in history.

ORF radio early morning news Morgenjournal quotes Pelosi as saying it is "the responsibility of the President to articulate a new plan for Iraq that makes it clear to the Iraqis that they must defend their own streets. A plan that promotes stability in the region, and a plan that allows us to responsibly redeploy our troops." Liberal daily Der Standard describes Pelosi's assumption of office as "marking a turning point in US domestic policy."

Meanwhile, President Bush has said he is working on reshaping his strategy for Iraq. He will be "ready to outline a strategy sometime next week that will help the Iraqis achieve the objective of a country that can govern, sustain and defend itself," ORF radio quotes. Senior administration officials have suggested the President might make a number of appointments as part of his strategy for Iraq. These include a new top ground commander there and the appointment of current US Ambassador to Baghdad Zalmay Khalilzad as new Ambassador to the United Nations.

McCaw